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June 14, 2002

Ms. Susan Schneider
Defense Acquisition Regulations Council
Office of the Undersecretary of Defense (AT&L)DP(DAR)
IMD 3C132
3062 Defense Pentagon
Washington, DC 20301-3062

Re: DFARS Case 2002-D003

Dear Ms. Schneider:

This is in response to the above-referenced interim rule which was issued April 26, 2002, and is eligible for comment until June 25, 2002. As a manufacturer of apparel products for the Department of Defense (DoD), I appreciate the opportunity to comment on this important issue.

Because of the pressures of the apparel industry, it is increasingly difficult to operate as a domestic manufacturer. It would be very helpful to have more opportunities to do business with the DoD instead of watching Federal Prison Industries (FPI) monopolize DoD apparel contracts.

As you know, this interim rule was issued as a result of Section 811 of the Fiscal Year 2002 Defense Authorization Act, which requires the DoD to conduct market research before purchasing a product listed in the FPI catalog to determine whether the FPI product is comparable in price, quality, and time of delivery to products available from the private sector.

The intent of this provision is obviously to open contracts previously held solely by FPI to civilian contractors for the opportunity to bid. However, after reviewing the rule, I have the following observations and recommendations:

1. The Interim Rule does not define what constitutes "comparable price, quality, and time of delivery" with respect to FPI products compared to its private sector competition. Because of the volume of products procured by the DoD, it may not be feasible to produce a single general methodology that applies to every product. However, in the interest of fairness, the rule should require full disclosure of specific guidelines and the methodology used to come to the conclusion that a product is "comparable" in any of these respects:

2. Prior to the issuance of this rule, FPI has been defined as an "other than small" business, and therefore has not been eligible to compete for small business set-aside contracts. However, it is my understanding that this rule, as currently written, would now permit FPI to compete for small business set aside contracts. This provision completely violates the Congressional intent of Section 811, and absolutely must be rescinded. If finalized in its current form, this provision would essentially maintain the status quo with respect to FPI's monopoly on products it manufactures.
3. The implementation of Section 811 and the corresponding rule is a groundbreaking step that will allow responsible domestic manufacturers such as myself to compete for additional Department of Defense contracts. However, it is vital that the rule be fully consistent with Congressional intent. I look forward to the development of a final version of this rule that will help companies such as mine, as intended.

Sincerely,



Robert M. Watson
Chief Executive Officer